

FACT SHEET
MEDIUM-TERM EXPORT CREDIT INSURANCE
FOR ENVIRONMENTAL SERVICES

The Export-Import Bank is committed to increasing its level of support to firms providing environmentally beneficial services to foreign customers. To achieve this objective, Ex-Im Bank offers the Medium-Term Export Credit Insurance Policy for environmental services.

U.S. environmental service firms are world leaders in the areas of site remediation, environmental consulting, and energy efficiency services. As U.S. firms look for opportunities in strategic foreign environmental markets, Ex-Im Bank's Medium-Term Insurance enables them to offer a complete package of both technology and financing to their foreign customers. The major benefits of the Policy are:

1. The environmental enhancement: maximum repayment terms permissible under Berne Union guidelines.
2. Competitive financing: extension of more attractive financing to help win foreign service contracts.
3. Risk protection: protection for foreign contract receivables from specified political and commercial risks of non-payment.

The ability to offer financing to foreign customers is often the determining factor in winning a service contract. This policy will be of particular benefit to firms that perform the following environmental services:

P feasibility studies

P energy service contracts

P environmental remediation, monitoring and assessment

ELIGIBLE SERVICES

Ex-Im Bank will support services performed by personnel headquartered in the United States or by U.S.-based personnel temporarily assigned to a buyer's country, as well as charges for materials and equipment of US origin necessary to render services. Service contracts must be able to be capitalized by the buyer to be eligible for medium-term support.

Coverage

The maximum cover available under the Medium-Term Policy is \$10 million. Larger amounts may be financed under Ex-Im Bank loans or guarantees. Ex-Im Bank indemnifies an insured for 100% of the financed portion including interest at the rate provided in the note. In all cases the buyer must make a cash downpayment to the exporter equal to at least 15% of the contract price, with the remaining financed portion evidenced by a promissory note.

The insurance covers non-payment by the buyer in the event of a loss caused by specified commercial or political events.

POLICY FORMAT

Medium-Term Insurance Policies will be issued in one of two formats:

1. A "DOCUMENTARY" policy will be issued to financial institutions wherein the insured bank will be required to obtain specific documents (signed buyer obligation, invoices) which evidence conformity with the policy requirements. The insured financial institution is protected against fraud, disputes and other defects of the underlying transaction.
2. A "NON-DOCUMENTARY" policy will be issued to exporters. This policy is assignable to financial institutions and a documentary assignment will be available to provide the same protection to the assignee financial institution as the documentary policy.

ELIGIBLE REPAYMENT TERMS

The length of repayment terms available, under Berne Union guidelines, depends on the total value of the service contract as follows:

<u>Minimum Contract Value</u>	<u>Maximum Repayment Term</u>
less than \$ 80,000	two years
\$ 80,000 - \$174,999	three years
\$175,000 - \$349,999	four years
\$350,000 and over	five years

MORE INFORMATION

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